



MICHIGAN

OFFICE OF THE AUDITOR GENERAL



THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

“...The auditor general shall conduct post audits of financial transactions and accounts of the state and of all branches, departments, offices, boards, commissions, agencies, authorities and institutions of the state established by this constitution or by law, and performance post audits thereof.”

– Article IV, Section 53 of the Michigan Constitution

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THOMAS H. MCTAVISH, C.P.A.
AUDITOR GENERAL

August 16, 2005

Mr. David C. Hollister, Director
Department of Labor and Economic Growth
Ottawa Building
Lansing, Michigan

Dear Mr. Hollister:

This is our report on our follow-up of the material finding (Finding 10) and two corresponding recommendations reported in the performance audit of Michigan Rehabilitation Services (MRS), Michigan Department of Career Development. That audit report was issued and distributed in July 2002; however, additional copies are available on request or at <http://www.audgen.michigan.gov>. Subsequent to our original audit, Executive Order No. 2003-18 transferred the responsibility for MRS to the Department of Labor and Economic Growth (DLEG).

Our follow-up disclosed that DLEG had complied with the recommendations.

If you have any questions, please call me or Scott M. Strong, C.P.A., C.I.A., Deputy Auditor General.

Sincerely,

A handwritten signature in black ink that reads "Thomas H. McTavish".

Thomas H. McTavish, C.P.A.
Auditor General

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MICHIGAN REHABILITATION SERVICES MICHIGAN DEPARTMENT OF CAREER DEVELOPMENT FOLLOW-UP REPORT

INTRODUCTION

This report contains the results of our follow-up of the material finding and corresponding recommendations reported in the performance audit of Michigan Rehabilitation Services (MRS), Michigan Department of Career Development (MDCD) (#4524001), which was issued and distributed in July 2002. That audit report included 1 material finding (Finding 10) and 9 other reportable conditions.

Subsequent to our original audit, Executive Order No. 2003-18 transferred the responsibility for MRS to the Department of Labor and Economic Growth (DLEG).

PURPOSE OF FOLLOW-UP

The purpose of this follow-up was to determine whether DLEG had taken appropriate corrective measures in response to the 1 material finding and 2 corresponding recommendations.

BACKGROUND

The mission of MRS is to assist persons with disabilities achieve employment and self-sufficiency. MRS's primary activity is the direct provision of rehabilitation services. MRS provides eligible participants with individualized services to meet the participants' specific needs. Services may include: vocational and guidance counseling; vocational training; job coaching and job placement; substance abuse treatment; transportation; payment of tuition; and short-term follow-up to make certain that the participant, job, and employer are properly matched. Also, MRS provides specific post-employment services necessary to assist participants in maintaining employment. Services may also include payment for certain items, such as vehicle or home modifications.

SCOPE

Our fieldwork was conducted in November 2004. We interviewed MRS employees to determine the status of compliance with our recommendations for Finding 10. We reviewed policy and procedure changes and guidance for MRS field managers and counselors related to quality assurance reviews. We reviewed and verified compliance with these established policies and procedures.

FOLLOW-UP RESULTS

EFFECTIVENESS IN ALLOCATING FUNDS AND PERFORMING QUALITY ASSURANCE REVIEWS

RECOMMENDATIONS AND RESPONSE AS REPORTED IN JULY 2002:

10. Quality Assurance Reviews

RECOMMENDATIONS

We recommend that MRS district offices conduct quality assurance reviews of case files as required and establish appropriate selection criteria for case files included in the reviews.

We also recommend that MRS monitor to ensure that district offices conduct quality assurance reviews and initiate corrective action.

AGENCY PRELIMINARY RESPONSE

MDCD generally agreed with the recommendations and MRS will initiate corrective actions.

FOLLOW-UP CONCLUSION

We concluded that DLEG had complied with these recommendations.

In regard to the first recommendation, MRS developed a centralized selection process. MRS informed us that a case file is typically open for 4 to 6 years and that the typical expenditures per case, for various rehabilitation purposes, were approximately \$20,000. Each quarter, MRS's Quality Assurance Division randomly selects four case files from each counselor's caseload for review. MRS also informed us that it routinely selects for review any case file that has been open for more than 7 years and also any case in which the total expenditures exceed \$25,000. Field managers are required to complete the case file reviews and submit the completed review forms to the Quality Assurance Division, which is responsible for compiling and summarizing the review results.

In regard to the second recommendation, MRS redesigned the evaluation forms to document each case file review, corrective action plan, and targeted date of compliance.

